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LOK SABHA

The following Bill was introduced in the Lok Sabha on 25th April, 1955:—

BILL* No. 22 OF 1955

A Bill to provide for the establishment of a Commission for the development of khadi and village Industries and for matters connected therewith.

Be it enacted by Parliament in the Sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the All-India Khadi and Village Industries Commission Act, 1955. Short title
and extent.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

2. In this Act, unless the context otherwise requires,— Definitions.

(a) “the Board” means the Board constituted under section 9;

(b) “chairman” means the chairman of the Commission;

(c) “Commission” means the All-India Khadi and Village Industries Commission established under section 4;

(d) “khadi” means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns;

(e) “member” means a member of the Commission and includes the chairman;

*The President has, in pursuance of clause (3) of article 117 of the Constitution of India, recommended to the Lok Sabha, the consideration of the Bill.

(f) "prescribed" means prescribed by rules made under this Act;

(g) "secretary" means the secretary of the Commission appointed under section 5; and

(h) "village industries" means all or any of the industries specified in the Schedule and includes any other industry deemed to be specified in the Schedule by reason of a notification under section 3.

Power to add to the Schedule.

3. (1) The Central Government may, of its own motion or on the recommendation of the Commission, declare, by notification in the Official Gazette, any other industry to be a village industry to which this Act applies, and thereupon the industry so declared shall be deemed to be an industry specified in the Schedule for the purposes of this Act.

(2) A copy of every notification issued under sub-section (1) shall be laid before each House of Parliament, as soon as may be, after it is issued.

CHAPTER II

THE ALL-INDIA KHADI AND VILLAGE INDUSTRIES COMMISSION

Establishment and constitution of the Commission.

4. (1) With effect from such date as the Central Government may, by notification in the Official Gazette, fix in this behalf, there shall be established a Commission to be called the All-India Khadi and Village Industries Commission which shall be a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of property and to contract, and may by the said name sue and be sued.

(2) The Commission shall consist of not less than three and not more than five members appointed by the Central Government, one of them being nominated by the Central Government to be the chairman thereof, and the members may be either whole time or part-time, as the Central Government may direct.

Secretary of the Commission.

5. The Central Government shall appoint, after consultation with the Commission, a member other than the chairman, to be the secretary of the Commission.

Resignation of office by member.

6. Any member may resign his office by giving notice in writing to the Central Government and, on such resignation being notified in the Official Gazette by that Government, shall be deemed to have vacated his office.

Vacancies etc. not to invalidate acts and proceedings of the Commission.

7. No act or proceeding of the Commission shall be invalid by reason only of the existence of any vacancy amongst its members or any defect in the constitution thereof.

8. (1) The Commission may associate with itself in such manner and for such purposes as may be determined by regulations made under this Act any persons whose assistance or advice it may desire in complying with any of the provisions of this Act.

Temporary association of persons with the Commission for particular purposes.

(2) A person associated with it by the Commission under sub-section (1) for any purpose shall have the right to take part in the discussions of the Commission relevant to that purpose, but shall not have the right to vote, and shall not be a member for any other purpose.

(3) The Central Government may, by notification in the Official Gazette, depute one or more officers of the Government to attend any meetings of the Commission and to take part in the discussions of the Commission, but such officer or officers shall not have the right to vote.

9. For the purpose of assisting the Commission in the discharge of its functions under this Act, the Central Government may, by notification in the Official Gazette, constitute a Board to be called the All-India Khadi and Village Industries Board consisting of a chairman and such number of other members as the Central Government may think fit, chosen from among persons who, in the opinion of the Central Government, are qualified as having had experience, and shown capacity, in matters relating to the development of khadi and village industries.

Constitution of the Board.

10. The Commission shall ordinarily consult the Board with respect to the discharge of its functions under this Act.

Commission to consult the Board.

11. (1) The Commission shall meet at such times and places and shall, subject to the provisions of sub-sections (2) and (3), observe such rules of procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Commission under this Act:

Meetings of the Commission.

Provided that the Commission shall meet at least once in every month.

(2) The chairman or, in his absence, any member chosen by the members present from among themselves, shall preside at a meeting of the Commission.

(3) All questions at a meeting of the Commission shall be decided by a majority of the votes of the members present and voting and in the case of an equality of votes, the chairman or, in his absence the person presiding, shall have a second or casting vote.

Term of office and conditions of service of chairman, secretary and other members.

12. The term of office and the terms and conditions of service of the chairman, the secretary and the other members shall be such as may be prescribed.

Officers and servants of the Commission.

13. (1) The secretary shall exercise such powers and perform such duties as may be prescribed or as may, from time to time, be delegated to him by the Central Government or by the chairman.

(2) Subject to such rules as may be made by the Central Government in this behalf, the Commission may appoint such other officers and servants as it considers necessary for the efficient performance of its functions:

Provided that no person whose honorarium or the maximum salary exceeds five hundred rupees per month shall be appointed by the Commission except with the previous approval of the Central Government.

CHAPTER III

FUNCTIONS OF THE COMMISSION

Functions of the Commission.

14. (1) Subject to the provisions of this Act, the functions of the Commission shall generally be to plan, organize and implement programmes for the development of khadi and village industries.

(2) In particular and without prejudice to the generality of the foregoing power, the Commission may take such steps as it may think fit—

(a) to plan and organise the training of persons engaged in the production of khadi or in village industries;

(b) to build up a reserve of raw materials and implements and to supply them to persons engaged in the production of khadi or in village industries at such economical rates as may be suitable in the opinion of the Commission;

(c) to provide for the sale and marketing of khadi or of products of village industries;

(d) to encourage and promote research in the technique of production of khadi or in the development of village industries, or to provide facilities for a study of the problems relating to khadi or village industries;

(e) to maintain or assist in the maintenance of institutions for the development of khadi or village industries;

(f) to undertake, assist or encourage the production of khadi or the development of village industries;

(g) to promote and encourage co-operative efforts among manufacturers of khadi and persons engaged in village industries;

(h) for ensuring the genuineness of, and for granting certificates to producers of, or dealers in, khadi or the products of any village industry;

(i) to carry out any other matter which may be prescribed.

15. In the discharge of its functions under this Act, the Commission shall be bound by such directions as the Central Government may give to it.

Power of Central Government to give directions.

CHAPTER IV

FINANCE, ACCOUNTS, AUDIT AND REPORTS

16. The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the Commission in each financial year such sums as may be considered necessary for the performance of the functions of the Commission under this Act.

Payment to the Commission.

17. (1) The Commission shall have two separate funds to be called the khadi fund and the village industries fund, and all grants and advances made to the funds, from time to time, by the Central Government for the purposes of the development of khadi or the development of village industries, and all receipts of the Commission in respect of khadi or village industries shall be credited to the khadi fund or village industries fund, as the case may be, and all payments by the Commission for or in respect of khadi or village industries shall be made from the appropriate fund.

Funds of the Commission.

(2) Except as otherwise directed by the Central Government, all moneys belonging to such funds shall be deposited in the Reserve Bank of India or with the agents of the Reserve Bank of India, or, where there is neither an office of the Reserve Bank of India nor an agent of the Reserve Bank of India, in a Government Treasury, or be invested in such securities as may be approved by the Central Government.

18. Subject to the provisions of section 19, the Commission shall have power to spend such sums as it thinks fit on purposes authorised by this Act:

Power of the Commission to spend.

Provided that nothing in this section shall be deemed to prevent the Commission from spending, with the previous approval of,

the Central Government, such moneys, as it thinks fit on any such purpose outside the territories to which this Act extends.

Budget.

19. (1) The Commission shall, by such date in each year as may be prescribed, prepare and submit to the Central Government for approval two separate budgets in the prescribed form for the next financial year, to be called the khadi budget and the village industries budget, showing the estimated receipts and expenditure in respect of khadi and village industries respectively during that financial year.

(2) Subject to the provisions of sub-sections (3) and (4), no sum shall be expended by or on behalf of the Commission unless the expenditure is covered by a specific provision in the budget approved by the Central Government.

(3) The Commission may within the respective limits of the khadi budget and the village industries budget, sanction any reappropriation from one head of expenditure to another or from a provision made for one scheme to that in respect of another, but in no case shall a reappropriation of fund be made from the khadi budget to the village industries budget or from the village industries budget to the khadi budget:

Provided that no reappropriation from the head 'Loan' to any other head of expenditure and *vice versa* in either budget shall be sanctioned by the Commission, except with the previous approval of the Central Government.

(4) The Commission may, within such limits and subject to such conditions as may be prescribed, incur expenditure in excess of the limit provided in the budget approved by the Central Government under any head of expenditure or in connection with any particular scheme, so long as the aggregate amount in either budget approved by the Central Government is not exceeded.

Borrowing
of money.

20. Subject to such rules as may be made in this behalf, the Commission shall have power to borrow on the security of the khadi fund or the village industries fund or any other asset for any purposes for which such funds may be applied.

Transfer of
liabilities
and obliga-
tions to the
Commission.

21. All liabilities incurred by, all contracts entered into with, and all matters and things engaged to be done by or for the Central Government in connection with the development of khadi or village industries at any time after the 14th day of January, 1953, and before the commencement of this Act, shall, after such commencement, be deemed to have been incurred by, entered into with, or engaged to be done by, or for, the Commission.

22. (1) The Commission shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance sheet in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor General of India. Accounts and
Audit.

(2) The accounts of the Commission shall be audited by the Comptroller and Auditor General of India at such intervals as may be prescribed by him.

(3) The Comptroller and Auditor General of India and any person appointed by him in connection with the audit of the accounts of the Commission shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor General has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Commission.

(4) The accounts of the Commission as certified by the Comptroller and Auditor General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

23. (1) The Commission shall furnish to the Central Government, at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of khadi and village industries, as the Central Government may, from time to time, require. Returns and
reports.

(2) Without prejudice to the provisions of sub-section (1), the Commission shall, as soon as possible after the end of each financial year, submit to the Central Government a report, in such form and before such date as may be prescribed, giving a true and full account of its activities, policy and programme during the previous financial year.

(3) A copy of the report received under sub-section (2) shall be laid before each House of Parliament.

CHAPTER V

MISCELLANEOUS

24. (1) The Central Government may, by notification in the Official Gazette, direct that the Commission shall be dissolved from such date as may be specified in the notification and thereupon the Commission shall be deemed to be dissolved accordingly. Dissolution
of the Com-
mission.

(2) On and from the said date—

(a) all properties and funds which, immediately before the said date, were in the possession of the Commission for the purposes of this Act shall vest in the Central Government; and

(b) all members shall vacate their office as members of the Commission.

Power to
make rules.

25. (1) The Central Government may, by notification in the Official Gazette, make rules to give effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the term of office of, and the manner of filling casual vacancies among, the members of the Commission, and the terms and conditions of service of the Chairman, the secretary and the other members including the salaries and allowances to be paid to them and the travelling and daily allowances to be drawn by them when they are on tour;

(b) the disqualifications for membership of the Commission and the procedure to be followed in removing a member who is or becomes subject to any disqualification;

(c) the term of office and other conditions of service of, the procedure to be followed in the discharge of functions by, and the manner of filling casual vacancies among, members of the Board;

(d) the powers and duties to be exercised and performed by the secretary;

(e) the date by which, and the form in which, the budget shall be prepared and submitted in each year under sub-section (1) of section 19;

(f) the procedure to be followed for placing the Commission in possession of funds;

(g) the procedure to be followed and the conditions to be observed in borrowing moneys or in granting loans;

(h) the conditions subject to which, and the mode in which, contracts may be entered into by or on behalf of the Commission;

(i) the form and manner in which the accounts of the Commission shall be maintained under sub-section (1) of section 22;

(j) the form and manner in which the returns, reports or statements shall be submitted under section 23; and

(k) any other matter which has to be, or may be, prescribed.

26. (1) The Commission may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations, not inconsistent with this Act and the rules made thereunder, for enabling it to discharge its functions under this Act. Power to make regulations.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the terms and conditions of appointment and service and the scales of pay of officers and servants of the Commission, other than the secretary, including payment of travelling and daily allowances in respect of journeys undertaken by such officers and servants for the purpose of this Act;

(b) the time and place of meetings of the Commission, the procedure to be followed in regard to transaction of business at such meetings and the quorum necessary for the transaction of such business at a meeting;

(c) the delegation of powers and duties to the secretary or any employee of the Commission;

(d) the maintenance of minutes of meetings of the Commission and of the Board and the transmission of copies thereof to the Central Government;

(e) the persons by whom, and the manner in which, payments, deposits and investments may be made on behalf of the Commission;

(f) the custody of moneys required for the current expenditure of the Commission and investment of moneys not so required;

(g) the maintenance of accounts; and

(h) the form in which certificates of genuineness of khadi and products of village industries may be granted by the Commission.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon the regulation shall cease to have effect.

THE SCHEDULE

[See sections 2(h) and 3(1)]

1. Bee keeping.
2. Cottage match industry.
3. Cottage pottery industry.
4. Cottage soap industry.
5. Flaying, curing and tanning of hides and skins and ancillary industries connected with the same and cottage leather industry.
6. *Ghani* oil industry.
7. Hand-made paper.
8. Manufacture of cane-gur and *khandsari*.
9. Palm-gur making and other palm-products industry.
10. Processing of cereals and pulses.

STATEMENT OF OBJECTS AND REASONS

With a view to promoting and developing khadi and village industries, the Central Government constituted a Board called the All India Khadi and Village Industries Board and vested it with powers to prepare and organise programmes for the production and development of khadi and village Industries and to deal with other matters incidental thereto. It has, however, been found in actual practice that the work of the Board has been hampered by certain procedural and financial difficulties, difficulties which would be removed if a Commission were set up by law. It is, therefore, proposed to set up a Commission, called the All India Khadi and Village Industries Commission, which will be vested with powers, executive as well as administrative, for the proper development of khadi and village industries. The Bill also provides for the All India Khadi and Village Industries Board functioning as an advisory body which will advise the Commission generally in the discharge of all its duties.

NEW DELHI;

T. T. KRISHNAMACHARI.

The 16th April, 1955.

FINANCIAL MEMORANDUM

In order to assist the development of Khadi and village industries, the All-India Khadi and Village Industries Board was set up under a resolution of the Government of India in the Ministry of Commerce and Industry, No. 45-Cot. Ind. (5)/52 dated the 14th January, 1953. The Bill contemplates the establishment of the All-India Khadi and Village Industries Commission as a statutory body.

Under clause 16 of the Bill, the Central Government may, from time to time, make grants and advances to the fund of the Commission to the extent the Central Government considers necessary. The expenditure on khadi will be met from the provision for the development of handloom and khadi industries and expenditure for the development of village industries from the provision of cottage and small-scale industries under the appropriate budget head of the Ministry of Commerce and Industry. Clause 19 provides that the Commission shall prepare and submit to the Central Government for approval two separate budgets accordingly and expenditure will be incurred after this budget is approved.

It is not possible to indicate what such expenditure would be. During 1954-55, the amounts sanctioned by the Central Government for the development of khadi by way of both loans and grants were about Rs. 3.25 crores and for village industries about Rs. 90 lakhs.

Loans and grants to be made to the Commission in subsequent years will vary and will be determined from time to time. It is, however, expected that the expenditure during the next few years would show a considerable increase.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 25 of the Bill empowers the Central Government to make rules to carry out the purposes of the Act. The matters in respect of which such rules may be made are specified in that clause, and generally speaking, they are of routine character. They relate to the terms and conditions of service of the Chairman, and other members of the Commission including the Secretary; the procedure to be followed in removing any member who may become subject to any disqualifications; filling up of casual vacancies in the Commission; powers and duties of the Secretary; prescribing the form in which the budget should be prepared and the date on which the budget should be submitted to the Central Government; procedure for placing the Commission in possession of funds, borrowing of money by the Commission; procedure to be followed by the Commission in maintaining its accounts and the submission of periodical reports and returns to the Government.

Clause 26 of the Bill empowers the Commission to make, subject to the previous sanction of the Central Government, regulations consistent with the provision of the Act and the rules made thereunder. The matters in respect of which such regulation may be made are also specified therein. These powers are also of a routine character. They relate to the terms and conditions of appoint-

ment and service of the officers and servants of the Commission other than the Secretary; the procedure to be followed in conducting the meetings of the Commission, and maintaining a minute of such meetings; delegation of powers and duties to the Secretary or any employee of the Commission, manner in which payments, deposits and investments on behalf of the Commission may be made and the form in which certificates of genuineness of khadi and products of village industries may be granted by the Commission.

M. N. KAUL,
Secretary.